

An introduction to the Compact

The Compact on relations
between Government and
the Third Sector in England

For more information about the Compact, please refer to
The Compact (December 2009)

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1 About the Compact

What is the Compact?

The Compact is an agreement between the Government and the third sector in England. It sets out commitments on both sides to improve the way in which the Government and the third sector work together for the benefit of communities and citizens. It also provides a framework for negotiating Local Compacts.

The Compact will have different implications for different parts of the sector. However, it will frame the relationship wherever a third sector organisation has dealings with public bodies. This holds true for organisations with a funding relationship with government, as well as informal organisations struggling to be heard on a policy question that they care passionately about.

The Compact was developed from recommendations made in the 1996 Report of the Deakin Commission on the future of the voluntary sector.¹ The Deakin Commission concluded that the Government should recognise the importance of the third sector's diverse roles and its own responsibility to promote a thriving third sector.

¹ Deakin Commission, *Meeting the challenge of change: voluntary action into the 21st century, The report of the Commission on the future of the voluntary sector*, 1996.

‘Third sector’, ‘voluntary sector and community sector’ and ‘civil society’ are just a few of the terms used to describe some or all of the organisations that are not for private profit and not part of government. There is no agreed or universal definition, and many groups prefer to define for themselves who and what they are. However, their defining characteristic is that they are value-led for public benefit.

The Government uses the term ‘third sector’ to describe voluntary and community organisations, charities, faith groups, social enterprises, cooperatives and mutuals, both large and small. This term is used throughout the document to reflect the wide group of organisations potentially included in the Compact. However, it is understood that each term comes with values attached, and that no term is acceptable to all.

What the Compact can do for you

Since the Compact was agreed in 1998, the third sector has evolved rapidly and its relationship with public bodies has become more complex. Public bodies, in turn, now also have a better understanding of the distinctive value of the third sector.

Many third sector organisations play a dual role. Not only are they advocates for change, but they also provide vital functions to beneficiaries and communities.

There is now recognition of the fact that, as well as engaging in independent activity, campaigning, delivering grant-funded programmes and strengthening opportunities for participation and active citizenship, the third sector provides a wide range of public services. It is this breadth of partnership working that makes the Compact as relevant today as when it was launched.

A genuine partnership allows each partner to achieve more. The Government and the third sector use the Compact as a framework for partnership working because it recognises and supports the contribution they can each make to improving the lives of individuals and communities. Working together in this way also brings wider benefits, such as the creation of stronger working relationships across government and the third sector, underpinned by mutual understanding, trust and respect.

The Compact sets out how the Government and the third sector can get the most out of partnership working by meeting their respective commitments.

Implementing the Compact can help partners achieve:

- Equity in relationships
- Informed policy decisions, based on the expert knowledge of groups working directly with people on the ground
- Better programme funding that more closely reflects the needs of users
- Progress towards a more equal society, by identifying and tackling inequality and discrimination
- Value for money.

2 Who does the Compact apply to?

The public sector

The Government has signed up to the Compact, making it applicable to all central government bodies in England.

This includes:

- Government departments
- Government Offices for the Regions
- Executive agencies
- Non-departmental public bodies.

However, the majority of relationships between the third sector and public bodies exist at a local level. The national Compact does not directly apply to these relationships. Instead, there are Local Compacts, which govern the relationship with local government, NHS organisations (such as strategic health authorities and primary care trusts), police and other local statutory bodies. Almost all local areas already have Local Compacts in place.

Local Compacts should be built on the principles of the national Compact, and they will often share key commitments.

The national Compact also sets the context and provides the framework for Local Compact negotiations between the third sector, local government and other public bodies. The refreshed Compact provides an opportunity for local areas to assess whether any changes need to be made to keep their Compacts up to date and to address specific issues in their area.

Compact principles are also reflected in the local performance frameworks for local authorities and their statutory partners.² National guidance on the local government performance framework sets out the essential role of the third sector in local decision-making and delivery of services, and in holding local government to account. It also recognises the importance of the Compact and Compact ways of working in developing and implementing local priorities.³

The third sector is involved in a wide range of partnerships with local statutory bodies. Research shows that the way in which local relationships are developed has a strong impact on communities.⁴ In short, Compact principles are fundamental to robust and productive local partnerships.

² Communities and Local Government (CLG), *Creating strong, safe and prosperous communities: statutory guidance*, 2008, p.18, 19, 35, 52.

³ Communities and Local Government (CLG), *Development of the new LAA framework: operational guidance*, 2007. See also, CLG/Cabinet Office, *Principles of Representation*, 2008, p.11.

⁴ Office of the Third Sector, *National survey of third sector organisations: analytical report*, 2009.

The third sector

The third sector is remarkably diverse, consisting of a large number of independent organisations. It is this huge range, huge in terms of scope, size and activity, that gives this sector its unique strengths and qualities.

There are around 140,000 general charities in England, most of them very small, community-based organisations with incomes of less than £10,000 a year. Many of these organisations rely on volunteer contributions. Aside from charities, there are estimated to be around 55,000 social enterprises, over 4,500 cooperatives (with 11 million members) and over 1,830 housing associations with total assets of £55.6 billion, as well as many other organisations such as mutuals and faith groups.⁵

The Compact's relevance extends beyond registered organisations to include organisations and groups active at a local or community level. These are usually small, unfunded or modestly funded, and largely dependent on volunteers. There are estimated to be a further 500,000 or so of these, making them the largest part of the sector.

⁵ The figures in this section are drawn from the National Council for Voluntary Organisations (NCVO), *UK Civil Society Almanac*, 2009. More information can be found there on the size and scope of the sector. The almanac is published on an annual basis.

Who does the Compact apply to?

Community groups engage mainly with local public bodies through Local Compacts. They organise around their own local issues, working together on areas of concern and learning through active participation.

These groups also develop locally specific knowledge and experience, which helps them to:

- Provide an authentic and distinctive voice for residents and service users
- Build mutually supporting relationships within neighbourhoods and communities
- Develop and deliver services, often locally and informally, based on direct knowledge of community needs.

There are many organisations within the third sector that give a voice to the most marginalised groups and individuals in society. They identify and provide services that might otherwise be unavailable, and campaign in the interests of the community they represent.

The role of volunteers

The contribution of volunteers is one of the special characteristics of the third sector. Volunteers commit their time and energy to benefit society and communities by providing services and activities in many different ways, from acting as trustees through to active engagement. The Compact ensures that the value of volunteers is recognised.

Volunteering is defined as an activity that involves spending unpaid time doing something that aims to benefit the environment or individuals or groups (other than, or in addition to, close relatives). There are four principles that are fundamental to volunteering:

- **Choice**

Volunteering must be a choice freely made by each individual.

- **Diversity**

Volunteering should be open to all.

- **Mutual benefit**

Both the volunteer and the organisation that the volunteer works with should benefit from the relationship.

- **Recognition**

The contribution of volunteers should be recognised.

3 Implementing the Compact

Guidance for implementation

By signing up to the Compact, government (through the Office of the Third Sector) and third sector organisations (through Compact Voice) agree to take responsibility for:

- Implementing the Compact
- Operating in accordance with it, in their relations with each other.

An independent body, the Commission for the Compact, oversees the operation of the Compact. It adopts an impartial position, being equidistant from both government and the third sector.

To implement the Compact effectively, the Government and the third sector will each take steps to ensure that their constituent organisations:

- Incorporate the principles of the Compact into their policies
- Incorporate the undertakings given in the Compact into their operational practices and procedures.

The Commission for the Compact, in collaboration with the Office of the Third Sector and Compact Voice, will produce and publish a series of implementation guidance documents. Each document will illustrate, for a particular section of government or the third sector, or for a particular activity, how partners should aim to implement the Compact through their policies, practices and procedures.

The Joint Compact Action Plan

Each year, a Joint Compact Action Plan will be published. This will set out the agreed steps that will be taken during the year by:

- Government and the third sector in the implementation of the Compact
- The Commission for the Compact in the oversight of the operation of the Compact.

There will also be a review of what has been achieved against the previous year's Joint Compact Action Plan.

4 Resolving differences

Government and the third sector are committed to complying with the Compact. When partners fail to comply with the Compact, those involved should explain why.

Disagreements over meeting the Compact commitments should be resolved, amicably and informally, between partners through open dialogue and negotiation before they escalate.

The Compact principles form the basis of the relationship. Where issues are not covered in the commitments, compromise and discussion should be based on these principles.

When things go wrong (as they sometimes do) there should be an open admission of the fact and an honest discussion to resolve the situation. The Compact is there to help build effective partnerships, and this includes navigating difficult times. Ignoring it would both be unacceptable and unhelpful. The Compact should be at the heart of dispute resolution as a constructive tool towards better partnerships.

For further advice on how to resolve disagreements, please contact the Office of the Third Sector (for the public sector) and Compact Voice (for the third sector). Contact details can be found in Part 5: Further information.

5 Further information

Key organisations associated with the Compact

Compact Voice

The independent body representing the third sector in taking forward the Compact. Compact Voice is made up of an autonomous alliance of leading third sector organisations with national, regional and local reach, providing the voice of the sector on Compact issues.

Compact Voice has a network of over 1,500 local and national third sector representatives across England. It provides expertise to support Compact implementation, facilitates the sharing of information and advice between members, and enables them to develop Compact policy and practice.

For more information, please visit: **www.compactvoice.org.uk**

Compact Advocacy

The Compact Advocacy Programme advocates on behalf of the third sector to ensure that public bodies treat the sector fairly. It handles cases for individual organisations when they have concerns with Compact practice at a national or local level. The programme is based at the National Council for Voluntary Organisations and is funded by the Big Lottery Fund.

For more information, please visit:

www.ncvo-vol.org.uk/compactadvocacy

Office of the Third Sector

Created in May 2006, the Office of the Third Sector leads work across government to support the environment for a thriving third sector (charities, voluntary and community groups, social enterprises, cooperatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities.

It is part of the Cabinet Office, at the centre of government, in recognition of the increasingly important role the third sector plays in both society and the economy.

For more information, please visit:

www.cabinetoffice.gov.uk/thirdsector

Commission for the Compact

Established in April 2007, the Commission for the Compact is an independent public body responsible for overseeing and promoting use of the Compact. It is sponsored by the Office of the Third Sector and the Minister for the Third Sector. It was set up to support the Commissioner for the Compact, improve awareness of the Compact and address the barriers to its adoption and implementation.

For more information about the Compact, please visit:

www.thecompact.org.uk

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Compact
VOICE



Cabinet Office
Office of the **Third Sector**

Commission
for the **Compact**



Local Government Association